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to be debated

spillover **x**

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preface

Prof. Dieter Gorny

One priority of the Agenda Europe 2020 is to promote spillovers from the cultural and creative sectors. However, research into and our fundamental understanding of spillover effects are deficient. This – widely accepted – discrepancy between policy and its evidence base and key importance for the role of the cultural and creative industries in society and politics to 2020 prompted ecce to launch a publication series entitled ‘to be debated’ and to focus its first edition on spillover effects.

In 2012 the EU communication ‘Promoting cultural and creative sectors for growth and jobs in the EU’ kicked off the current interest in spillover:

‘Being at the crossroads between arts, business and technology, cultural and creative sectors are in a strategic position to trigger spillovers in other industries’.

It seems this statement has ended – at least politically – the debate on whether the multiplier effect of the cultural and creative sectors (which we refer to as creative industries) is positive or not: from migration and integration to climate change and health services as well as urban development – in all these sectors innovations are expected, and are also supposed to be triggered by the creative industries.

Subsequent funding programmes of the Agenda Europe 2020, which have just started in 2014, also promote this trigger effect. Cities, regions and member states have followed the call of the European Commission in 2012 to stop underestimating the effects of the creative industries. Now, in 2014, investments and programmes have started all across

Europe. On the one hand this shows that creative spillover effects meet demands and needs in other sectors. On the other, spillover talk sparks scepticism: just another buzz word without underlying empirical soundness and success?!

In addition to this, many sectors like health or energy are not fully aware of the support and the triggers the creative industries are meant to deliver. Is spillover in danger of overkill by good intentions and high expectations? Creative spillover has advanced from policy objectives to funding priorities within just two years: a quick career, but hardly sustainable if understanding and perception do not make up leeway.

‘to be debated SPILLOVER’ puts the trigger effects of the creative industries into context, thereby supporting a more profound debate about what kind of research is needed. ecce is therefore publishing this paper in the hope that it itself will trigger debates in politics, research, economics and society.

For a start, ecce calls for a research agenda ‘Spillover 2020’, ideally shared by all DGs of the European Union. Key issues must be explored with high priority to fill the research gap on spillover because it is a vital part for the success of the Agenda Europe 2020:

How to differentiate between normal external effects of creativity and the spillover effect?

Who does the ‘spilling’? What is it that ‘spills over’?

It is still unclear today whether spillover effects are external between sectors or internal within organisations.

These and other questions emerged during the EU-funded project ‘CATALYSE’ conducted in collaboration with the Forum d’Avignon and Forum d’Avignon Bilbao. Its topic: the catalytic effects of culture on regional and urban development. The project closed with a masterclass workshop led by Dr. Jonathan Vickery, University of Warwick, held in Dortmund in February 2014. Following the CATALYSE project Vickery and his students formulated open research questions, conclusions and historical analyses of spillover.

The author of ‘to be debated SPILLOVER’, Jonathan Vickery, is Director of the Centre for Cultural Policy Studies at the University of Warwick and has published extensively on creative cities and creative industries. He is also board member of the UNESCO conference ‘HABITAT’.

‘to be debated’ aims to substantiate and fill buzz words like spillover with scientific concepts and standards. It is a work-book and a basis that helps – also newcomers to the cultural and creative industries – to access a topic and its diverse debates. ‘to be debated SPILLOVER’ is thus also a starting point for the series ‘to be debated’ in the following years: presenting and questioning latest developments and trends, hot topics and buzz words in the creative industries. These papers – like this first one – do not necessarily reflect the views of ecce, but they stand for our belief that the cultural and creative industries need more – foremost qualitative – research and more public discussion in politics, research, economics and society.

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He has worked as an independent artist and designer, and has taught art and architectural history and theory, design, urbanism and organization studies. He has published research in art theory, urban and cultural policy, regeneration and cities. He was a co-editor of the journal Aesthesis, is now Chair of the non-profit research company “the Art of Management and Organization”. He has been involved in local cultural development, urban regeneration and a wide range of reviewing for major academic funding councils, both UK and EU. At Warwick he established three independently funded masters programs, and currently Director of the MA in Arts, Enterprise and Development. His most recent book (co-edited with Ian King) is Experiencing Organisations (Libri: Oxon); his monograph Creative Cities and Public Cultures: art, democracy and urban lives (Routledge) will appear in 2015.

introduction

Prof. Jonathan Vickery

Policy background The European Union (unlike the Council of Europe) has historically been reticent in the area of cultural policy. Given how ‘culture’ in Europe is embedded in the history of national institutions and traditions, the ‘principle of subsidiarity’ remains a central tenet of the Treaty on European Union (the Maastricht Treaty of 1993 updated as the Lisbon Treaty of 2009). And yet, to date, the EU is making increasingly urgent calls for greater intercultural cooperation between member states, particularly on projects featuring urban, innovation or spillover dimensions. The communication ‘European Agenda for Culture in a Globalising World’¹ re-emphasised the role of culture in the Lisbon Strategy in the cause of growth and jobs, and argued for a concerted policy effort to enable creative entrepreneurs and the cultural industries to become a source and stimulus for industrial and business innovation. 2009 was the ‘European Year of Creativity and Innovation’, which produced the high profile Manifesto from the European Ambassadors for Creativity and Innovation (Richard Florida being one). The continued success of the European Capital of Culture is one strand of European cultural policy where urban development, enterprise and industry have come together in productive ways: The RUHR.2010 in Essen, Germany was particularly noted for its integration of arts, cultural heritage, and the creative industries on the level of regional and city-based public policy, backed up by substantial public funding.

The new EU cultural funding programme Creative Europe (2014–20) declares an express interest in dissolving the

institutional and ideological boundaries between arts and enterprise, the creative industries and other industries, and in promoting explicit interconnections between cultural policy objectives and the objectives of urban, industry and enterprise policy programmes. A central initiative of the hugely significant and new Europe 2020 Strategy is the ‘Innovation Union’, which identifies culture and creativity along with Europe’s profound social diversity as important resources for macroeconomic development. The Europe 2020 programme itself defines ‘innovation’ in terms of a strategic use of cultural, social and urban resources. Innovation may include a range of outcomes – new products and processes, services (commercial or institutional), marketing, branding and design – but must, states the program’s founding document, develop a situation-specific approach: “innovation in business models, design, branding and services that add value for users and where Europe has unique talents”. Another Europe 2020 initiative, ‘An integrated industrial policy for the globalisation era’², similarly situates cultural and creative industries as sources and providers of innovation. In all, these broad policy aspirations are unprecedented and still yet to be developed. What they mean in practice, of course, is now for us to determine, and the many funded European projects to work out and make a reality.

Cultural and Creative Industries as Sources and Providers of Innovation

The setting Culture has become a major driver for urban development and its several policy sub-fields. Within the EU structural funds 2007–2013 more than six billion euros were spent on culture (European Parliament, 2012, p. 9). Still,

Culture as a Major Driver for Urban Development

investments in culture are viewed with scepticism by politicians, policy-makers and citizens alike, despite the quantitative figures on the economic success of its sectors. This ‘perception gap’ was the starting point of CATALYSE, an EU-funded project of three partners in France, Germany and Spain, in order to raise awareness of the benefits and spillover effects of culture and creative industries in urban development. The three partners – the Forum d’Avignon, Paris, the European Centre for Creative Economy (ecce), Dortmund, and Bilbao Metropoli-30, Bilbao – engaged in a one-year cooperation from March 2013 to May 2014 featuring four types of activity: study; conferences; research & action workshops; and a student masterclass workshop. CATALYSE aimed to use ideas and debates to generate faster ways of initiating new practices in urban economic policy and development, reflecting this process scientifically at the beginning as well as at the end.

The CATALYSE student masterclass workshop³ (from which this publication emerged) was entitled ‘Strengthening Culture in Urban Developments in Europe’. Students and teaching staff of the University of Duisburg-Essen, the Ruhr University Bochum, TU Dortmund University and the University of Warwick, all contributed at various times to a protracted discussion on culture and the institutional construction of creative and cultural sectors, as well as more

technical policy issues concerning the indicators by which we evaluate cultural and creative-economic ‘spillover’ effects in urban development. The workshop organisation was a semi-structured, open ended and mixed-method approach. The purpose was to arrive at a conceptualisation of spillover, considering:

- i. the recent history and current shifts in European policy
- ii. the specific policy formulations of spillover currently in circulation
- iii. the changes in the cultural sector itself – the economisation of culture – and how this provides for new conditions for thinking about spillover; and
- iv. the construction of models and matrices of spillover that would, in turn, provide a set of indicators.

The text below is a synthesis of readings, dialogue, discussion and ideas provoked by the seminar – it is not a seamless statement or study. It represents the diversity of views and critical insights that have emerged from multiple participants as well as the recent influential activities of ecce and relevant publications (some of which are cited and quoted below). Given the embryonic state of the policy discourse of ‘spillover’, this report is deliberately designed to provoke questions and further research, and does not stand as a comprehensive overview of the policy discourse. It equally does not document the workshop exercises so much as articulates their intellectual content – to generate pertinent questions for further research. It is intended that this document is an intellectual stimulus to a new research agenda, where a Eu-

¹ *European Agenda for Culture in a Globalising World (EC, 2007)*

² *An integrated industrial policy for the globalisation era (EC, 2010)*

³ visit www.e-c-c-e.com to download the report “CATALYSE - Research & Action Workshop ‘Shaking Hans’”

rope-wide study of spillover is currently being spearheaded by ecce, Arts Council Ireland, Creative England, European Creative Business Network and Arts Council England.

The aim of this project is not just to advance the research of spillover, but to generate the kinds of research that itself provokes ‘creative’ spillover.

reviewing research and its historical contexts

Spillover can involve any area of the economy. Our focus is largely what the recent URBACT baseline report on the Creative SpIN thematic project calls ‘creative spillover’ (Creative SpIN, 2012). The term ‘creative’ refers to the broad expanse of the ‘creative economy’, and does not necessarily indicate a qualitative distinction in the method or processes of spillover (that they are qualitatively creative). A valid principle of Richard Florida’s thesis on the so-called ‘creative class’ is that the arts and cultural sectors do not have a monopoly on creativity (and by extension, they do not on creative spillover) (Florida, 2002; 2004).

As a term used in human psychology research, spillover might involve complex human interaction and multiple variables in ways that cannot easily be modified by one policy area or directive or one agency. The term spillover is also used in media theory, where it signifies how, for example, the reporting of an event can inspire reaction to the event and other events that would not otherwise have occurred. The point here is that spillover does not just impact on material change, but has the capacity to generate new conditions for change or just stimuli for shifting perceptions. In this publication we will be developing an extended definition of spillover that admits the dynamic and multiple

possibilities that ‘creative’ activity demands, or at least promises. A creative spillover will hopefully serve to extend the peripheral vision of the policy imagination for both culture and industry, able to encompass the qualitative as well as quantitative nature of actions and impacts, reactions, interactions, and the more subtle dynamics of ‘influence’.

Crossing borders In the context of creative spillover, as well as European cooperation and pan-European cultural urban development, the past importance of the term to neofunctionalist regionalism theory is instructive (see Haas⁴; Rosamond⁵). With the European vision of Jean Monnet as seminal inspiration, neofunctionalists sought to understand the processes of productive and mutually-enhancing integration for furthering European cross-border relations. Examining the geo-politics of European regions, neofunctionalism identified how patterns and forces of integration in some industries could generate multiple causal motions of integration in other industries. It attended to the multiple impacts of cross-border and multi-sector collaborations, and the momentum of such forces of integration was enhanced by ‘spillover effects’.

If in the present day ‘integration’ is a benign, if not modish, term, for a neo-classical economic framework (as much as for high modernist art theory) it was anathema. For the development of autonomous disciplinary regions of thought, specialised expertise, unique methods and discrete objects of analysis, was the modern path to progress. Integration muddled the waters, confused categories, introduced unwanted contingencies, messing up the specialist understanding of the object of knowledge. In short, talk of integration challenged the very epistemic basis of the modern scientific

mind-set as much as the principle vehicle of modernity itself, (whose very existence relies on fixed and absolute boundaries) – the nation state.

Of course, many neofunctionalist observations on the nature of socio-economic integration are now assumptions common to theories of globalisation. They also serve to remind us that when discussing ‘spillover theory’, particularly in the context of public policies of the creative and cultural industries, we are talking about more than industry – more than ‘knowledge transfer’ or industrial collaboration as traditionally conceived. For spillover has a broader geo-political dimension, which involves both exploiting and generating forces of integration, collaboration, dialogue and cross-border collegiality, promoting a sense of collective project and other arenas of allegiance. Knowledge is power and economic power is political power, and so where new forms of allegiance or interconnection emerge, a political dimension is inevitable. This becomes particularly apparent when we are discussing the application of ‘spillover’ as a practice involving public institutions, cultural resources and artistic practices (most of which, in Europe, remain bounded by national traditions and the strictures of national public funding).

Following from this, another significant aspect of neofunctionalist theory is that with increasing integration comes the revaluation and empowerment of non-state, civil society agency and individual citizens themselves. Spillover has unsurprisingly emerged in entrepreneurship theory as intrinsic to the strategic development of the decision-making, self-management, business innovation and market mobility of single, dynamic, agents of new enterprise. Spillover

⁴ *Introduction: Institutionalism or constructivism?* (Haas, 2004)

⁵ *The Uniting of Europe and the Foundation of EU Studies* (Rosamond, 2005)

› **Spillover raises questions of agency and legitimacy – what right does culture or the creative industries have to operate in other industrial or social sectors? Who authorises such actions?**

› **How do creative activities traverse different jurisdictions or territories?**
› **How can spillover become a process of furthering European interconnection among firms?**

is not simply a dissemination of general ‘influences’, but if approached with a strategic focus can help generate specific ideas, projects and ventures in response to perceived market opportunities.

› **Spillover is more (or should be more) than a dissemination of influences. It is not equivalent to older policy terms – Knowledge Transfer, Social Impact or Public Value. These distinctions are important.**

Knowledge Transfer – a technical process, of internal distribution or the exporting of knowledge, information, data, documentation, and concomitant skills in managing and using knowledge. It became a significant public policy term in the 1990s, where universities and public institutions were encouraged to shift their R&D, data and documentation, into the private domain for industrial exploitation. While IPRs were often shared or favourable to the giver, the practice remains limited to particular schemes and ‘cause-effect’ models of transmission.

Social Impact – a blanket name for a range of public evaluation measures designed to capture the contextual benefits from arts and cultural activity (and later education and research itself). While purportedly descriptive it maintains

a highly prescriptive function for cultural researchers and practitioners alike. As a framework it attempts to use the data gained for both commissioning and management of ‘best practice’ models, strategic development and for advocacy (usually predicated on the need for continued or further funding).

Public Value – a term emerging from a specific theoretical framework on the necessary changes in public administration in advanced economies during the ‘re-industrialisation’ of the 1980s. As a framework it subjected public and cultural organisations to corporate standards of efficiency, quality and productivity. It was animated by a positivist conception of evidence, and encouraged public cultural organisations to partner with private entities in order to deliver the ‘services’ necessary for the optimal performance of administration.

Spillover – a broader term, used in many disciplines, and for culture as yet to be fully defined. It may, in a cultural context, encompass all of the above, but could also play a role in institutional, policy and geo-economic integration.

For an extended study of creative spillover, we would need to consider

a theoretical delimitation of the activities of the creative economy so as not to confuse them with the pervasive impacts of ‘consumer culture’ generally. It is easy to underestimate consumer culture’s power of influence. Consumption is not simply decision-making on purchases or the acquisi-

Creative Spillover

tion of goods and services, it is a significant realm of knowledge. For the process of consumption involves the passage and transmission of ideas, new terminologies, knowledge, behavioural intelligence and a range of stimulus shaping everyday perceptions and realities. We need, therefore, to differentiate spillover from the pervasive effects of the ‘culture industries’ and identify specific spheres of professional or market activity into which ‘spill’ generates value.

We therefore require a formulation of specific criteria for spillover, capturing and evaluating the specificity of the spillover facility of creative economy actors, in turn learning how to ‘model’ the spillover motion or dynamic. However, we face a difficulty, observed in a well-known NESTA report⁶: ‘...what happens when the knowledge cannot be codified? In what sense is it able to “spill over”?’ The report continues: ‘Perhaps a more convincing economic argument for public funding of research in these cases would be to incentivise researchers to deploy the skills and competences they have developed through their research experience in other socially valuable contexts – including the private, public and third sectors.’ (p.56).

› **Could the patterns of spillover be used to generate a new ‘mapping’ of the creative economy?**
› **Which ‘spill’ generates value by provoking new knowledge, capabilities or providing new resources?**

In the need to ‘codify’ knowledge, as the report put it, we need to be aware of the implications of over-rationalisation or borrowing seemingly relevant terminology (we could probably think of many – ‘side effect’, ‘contingent impact’, ‘cross-over’, ‘positive feedback loop’, and so on), or indeed of transferring skills from ‘other socially valuable contexts’⁷. Spillover is not just a process that needs explaining, but a series of situations that require management. As observed by Chapain et. al. in an earlier report, spillover requires more than just an understanding of processes: it must contain many other things, such as a strong rationale for the actors involved. Spillovers might generate specific rewards or returns. But sometimes these are not predictable, and thus essential terms of reference, contractual frameworks or conditions of investment are impossible to construct at the outset. How then can we construct the conditions for the conditions of spillover to emerge? We need to be aware of the potential contingencies and indeterminacies endemic to spillover.

Extrapolation: Spillover might involve:

- Complex interactions/effects/influences operating on different registers – not simply ‘cause-effects’
- A process of dialogue, interaction and engagement that might be place-specific, or place-sensitive, or optimised by drawing on the resources of place and contributing to the broad economic development of place
- Converting practice into theory then back into practice: spillover can be a process of recontextualisation of tasks within different tasks or even within different communities of professional practice

⁶ Manifesto for the Creative Economy (NESTA, 2013)

⁷ Creative Clusters and Innovation: putting creativity on the map (NESTA 2010)

Demarcation of Concepts

- Crossing boundaries – informal as well as formal jurisdictions; questions of agency and legitimacy
- Reconstructing (or just transgressing) normative models of management, investment and incentivisation – along with expansive and unquantifiable risk.

The most obvious means of spillover is perhaps in the realm of knowledge-production, information and technical know-how (such as R&D). UNCTAD’s pioneering Creative Economy reports⁸ – notably the 2010 revision of the 2008 report – lists, after knowledge spillover, four other areas of spillover (quoted from UNCTAD, 2010, p. 3):

Knowledge spillovers, where firms benefit from new ideas, discoveries or processes developed by other firms, e.g., through their R&D activities.

Product spillovers, where the demand for a firm’s product increases as a result of the product development of another firm, such as when the demand for CD players rises as a result of the development of the CD.

Network spillovers, where firms gain benefits from other firms that are located nearby, such as in the clustering of film production services in particular areas.

Training spillovers, when labour that is trained on one industry moves to another, as when actors trained in the subsidised theatre move to commercial theatre or television.

Artistic spillovers, where the innovative work of an artist or a company advances an art form to the benefit of other artists or companies.

The problem for the researcher is that the stated outcomes of spillover may, of course, also come about through other means. Our challenge in the future is to identify the specificity of spillover activity and which activities generate such outcomes in a specified, more predictable and measurable way. Furthermore, there is a distinction between similar outcomes being produced by ‘internal’ or by ‘external’ spillover. The ‘internal’ spillover crosses the internal boundaries of organisational systems or structures, such as inside a firm; the external spillover takes place between organisations or other agencies. External spillover is thus of more interest given its propensity for generating social and cultural value outside the limited orbit of the single organisation. And yet, ‘external’ spillover remains significantly less catered for by existing policy, management, and organisation research, notwithstanding the available research in value and supply chains, B2B and markets.

Internal and External Spillover

> How can organisations be motivated to generate value beyond the orbit of their own production – in another orbit of production, or another organisational field altogether?

The historical inspiration of ‘Jacob’s spillovers’ (1969) and ‘Porter’s spillovers’ (1990) in this context is thus critical. Both Jacobs and Porter articulated strong (and different) theoretical views on the productive dynamics of interactions between organisations in specific places or regions of industry, with Jacobs alerting us to the ‘place’ specific and urban environmental conditions of spillover. For both thinkers, spillover can operate within the standardised processes of R&D, B2B, manufacturing and production and business transaction, yet can also emerge from innovations or more ‘spontaneous’ interaction along with changes in operating environments. While arguments remain on whether spillover is served by geographic concentrations of expertise and specialisation or through diversity, the implication is that the relations between businesses are intrinsic to industrial growth and the growth of the local and regional economy. This makes spillover relevant to urban and regional public policy, not just economic, industry, trade, and enterprise or industry policies. And the task of the public policy maker can more easily be articulated in terms of understand development and not just ‘growth’ (as registered in, say, employment and taxation).

Porter’s work has influenced much research in external spillover, but perhaps is most influential on internal or endogenous growth. Spillover became an interest for a wide

Porter’s Spillovers

range of economists who held that economic growth (at least in contemporary knowledge-based economies) was a matter of ‘internal’ factors (and not external factors like general technological progress, or movement in market structures). Famously

developed by Paul Romer at Stanford University in the late 1980s and 1990s, ‘endogenous growth theory’ defined economic growth in terms of human capability, knowledge, social interaction and the facility for innovation within an organisation or firm. This became highly relevant after the de-industrialisation of the West in the 1970s and subsequent reindustrialisation through technology in the 1980s, facilitated by the rise of the political conditions of neoliberalism and ‘free market’ economic policies. Neoliberalism broadly involved a political disinvestment in the previous ‘external’ mechanisms of labour organisations, welfare systems, social security, interest rates and currency values, in favour of investment in strategies of organisational development, enhancing flexible mobility fit for a market driven by fast-thinking and discerning consumers, and for wealth creation by entrepreneurs and small businesses.

Porter’s now famous ‘The Competitive Advantage of Nations’ (1990) held that economic growth was generated not just by competition (among existing actors in the market), but through a developing facility for competitiveness that was highly localised, interdisciplinary, and involved a rapid increase in the capabilities for adaptation, innovation and responses to external change. The various waves of ‘new economic growth theory’, which emerged in force in the 1990s, revolved around a paradox – that the new dominant forms of economic value emerged not from material conditions of production but the human facility for communication, knowledge, creative action and experience. In other words, the sources of economic production were (potentially, at least) the sources of individual self-fulfilment and happiness. There was a quasi-democratic ring to this economic theory, where economic growth was located in labour and

> If the primary dynamic of growth is competitiveness, how is competitiveness compromised through resources from outside the systems of competitive relations?

⁸ Creative Economy Report (UNCTAD 2008; 2010)

the worker, albeit where their labour value now extended from production into regions of subjectivity and personal expression. Firms increasingly demanded personal investment, and used expressive visual communication and brand ‘values’ through which to communicate with workers and market alike. A new era of humanism seemed to dawn, celebrated in best-selling books like Pine and Gilmour’s The Experience Economy⁹, David Brooks’ Bobos in Paradise¹⁰, and Anderson and Ray’s The Cultural Creatives¹¹. Human, social characteristics once associated with artistic eccentricity or even political resistance were now valued as resources for firms needing to innovate and communicate creatively in the marketplace.

The historical narrative that underpinned new growth theory is by now accepted as the standard narrative on the so-called ‘post-industrial’ society (albeit there are many versions): Post-industrial (or post-Fordist) city economy emerged through the economic decline of the 1970s-

1980s, and is characterised by a contraction of manufacturing capacity and labour, new divisions of labour favouring services, and an expansion of corporate office complexes as an integral part of a city centre architectural identity. Impacts on labour include the emergence of the flexible, mobile and multi-skilled worker. Freelance and sole trading becomes norm; the size of organisations expands and contracts with increasing frequency. Communications and technological innovation provide a new infrastructure for industrial development; knowledge and skills in the areas of communications and technological innovation become key to development. The new economy is dynamic and ever changing – responding to changing global condi-

> After the global financial crisis (starting 2006) revealed the economic and ethical fault lines of Western economies, how does spillover avoid perpetuating forms of growth that do not contribute to sustainable development?

tions as well as increased competition within the West. Corporations (and not governments or public institutions) become the drivers of change, as they feed off SME innovations and universities. The priority for every organisation is now competitive growth and response to change through innovation and creativity. A new middle class of elite service professionals and managers emerge – the so-called ‘creative class’. The creative class is young and active – and demands more cultural services and cultured places and spaces. The historic role of cities as centres of arts, design and culture, become important again in the context of the new ‘mixed economy’ of production, consumption and spectacle – a ‘New Economy’ where cultural policies facilitate the revival of the city centre. (See Hutton¹²)

The new networked information society of branded goods and perpetual access to global markets changes a fundamental principle of the study of the economy from scarcity to abundance, and where overproduction and overconsumption generate new norms in social behaviour reinforced by new benchmarks in public policy. New economic forces are still being unleashed as the internet and big data introduce new conditions for expansion (and contraction). These developments are particularly significant where the rise of open source innovation, commons and co-creation exist, along with that of a general social media activism on the part of the consumer: new concepts of the economy need to encompass more than just industry, trade, business and finance.

Post-industrial City Economy

⁹ The Experience Economy (Pine & Gilmore, 1999)

¹⁰ Bobos in Paradise (Brooks, 2000)

¹¹ The Cultural Creatives (Anderson & Ray, 2000)

¹² The New Economy of the Inner City (Hutton, 2008)

Clusters and agglomeration If industrial development for advanced nations rests on their knowledge capacity combined with technological capability and use of media by a suitably equipped and enterprising professional class, then Porter’s emphasis on smaller units of industry and micro-spaces of competition is highly relevant. ‘Cluster theory’ brings all these elements together (the aforementioned Porter’s spillover and Jacob’s spillover were intrinsically related to the cluster phenomenon). ‘Clusters’ are hardly new; and in modern economic theory they featured in the classic work of Alfred Marshall¹³ (as ‘industrial districts’) and since then cluster theory has become one of the most influential frameworks through which the creative economy (or at least, the creative industries) are discussed. There are many ways to understand a cluster and many ways a cluster is formed – in response to conditions embedded in the topography, political geography, social situation and cultural provision. Clusters are feted for the way the agglomeration of organisations generate a value over and above the production capability of each individual organisation. Spillover is (or should be) a way of explaining this extra-value production, and making it an object of policy, and in turn, an objective for the strategies of organisations and firms.

The concept of cluster has generated terms commonly used in urban generation since the late 1980s – ‘cultural quarter’

Cultural Quarter; Creative Centre

Commission, especially the Directorate General Enterprise and Industry, founding documents of which were the Eu-

ropean Cluster Memorandum (January 2008) and EC communication ‘Towards world-class clusters in the European Union’.¹⁴ These have brought together innovation and SME policy, and are being fleshed out by the European Cluster Alliance (since 2006), the European Cluster Observatory (since 2007) and an EC-based cluster policy working group.

The problem for European policy makers is that the shape, growth and dynamics of clusters are so often determined by place-specific factors – the industrial history of the city, current urban planning capabilities, suitable urban spaces, transport and the ease of movement, and image or brand identity. There are different frameworks for the policy theorisation of clusters, a central one being ‘agglomeration’, where proximity, location, accessibility and shared material resources offer tangible benefits, like reduced costs to suppliers, and thus supply and access to a larger labour market. However, there are very different explanations available on how agglomerations work, and the different forms of agglomeration. The spatial proximity of organisations, however, is not necessarily a ‘cognitive’ proximity, where effective communication and interaction among different industries promote learning processes, information exchange, and where neighbouring sectors absorb innovation. Relations between industrial sectors can exist horizontally (through like or related organisations) and vertically (through supply chains, for example) and generate a sharing of competencies and transfers of knowledge¹⁵. Oddly, given the complexity and diversity of European cities, local governments are very limited in their commitment to research on their own urban economies and facility for cluster formations.

> Spillover within cluster theory and the spatial dynamic of clusters might be specific to cluster formation, or might offer potent models for rolling out across sectors, or among more dispersed networks.

¹³ Principles of Economics (Marshall, 1890)

¹⁴ Towards world-class clusters in the European Union (EC, 2008)

¹⁵ The creative capacity of culture and the New Creative Milieu (Lazzeretti, 2009)

Glaeser observes that access to human capital is a primary factor that stimulates a clustering among companies¹⁶. Florida (2002; 2005) defines human capital in terms of talent, and where talent is concentrated in organisations with a high innovation ethos, situated in cultural attractive and engaging places. Cities defined through arts or heritage often attract creative organisations, which draw on the aesthetically rich environment, prestige of history and its qualitatively associations, the benefits or trade of universities or cultural institutions, where obtaining premises is itself a competitive achievement, giving access to a semi-enclosed urban space of civic, legal or medical clientele.¹⁷

Questions for Further Research:

- What form of spillover is appropriate or effective within existing spatial relations between participating organisations?
- Who are the effective potential instigators or facilitators of spillover (inside and outside an organisation)?
- How is industrial and cultural development symbiotic or historically related, and how does this historical narrative or assumed narrative provide the reference points for urban policy?
- The structure of an organisation's potential for vertical or horizontal engagement in spillover, or combining these trajectories (experimentally?).

It is unsurprising that the debates on clusters often take place with the academic study of urban geography, urban planning or urban culture. Within these debates, the spaces of clustering are part of a broader re-casting of the city as an actor in the political economy of a region or nation, and in which culture is a new strategy of local economic development. Cultural districts have become as commercially advantageous as finance districts (Santagata, 2002; Lazzeretti, 2008); cultural clusters have consolidated culture itself as an economic sector (Van den Berg et al., 2000; Mommas, 2004); and cultural quarters have revived the arts and heritage in the face of consumer societies domination of retail (Landry & Bianchini, 1995; Halland Pfeiffer, 2000). The role of cultural policy in urban economic development has become significant in relation to the way clusters have played a role in the revitalisation of European cities and regions through policies of urban regeneration¹⁸. The 'creative city' and 'creative class' discourses have become instrumental in this, where Charles Landry and Richard Florida maintain a significant influence on European Union policy makers.

There is a strong sense in which Landry's seminal theory of the creative city^{19; 20} is intrinsically concerned with spillover – its target is the traditions of modern urban planning, where the city was 'zoned' and partitioned, each level of which was the responsibility of specialists, departmentalised in a city bureaucracy, and slow if not impervious to rapid cultural change. The

Charles Landry

/// Creativity as a Holistic Urban Model (The Creative City Index)

modern city generated significant forms of social alienation as well as an inward-looking obliviousness to rapid changes happening in the world. Landry's alternative is a 'holistic' and integrated city, where 'creativity' represents a continual flow of ideas, knowledge and mutually-enhancing skills development. Creativity makes spillover intrinsic to an organisation's modus operandi. Landry's strategy recommendations to all aspirant cities is to embark on the following:

- to cultivate creative leadership and the political will to take the risks posed by a creative approach and creativity in the city's organisational systems, structures and cultures;
- to promote the design and protection of public places and spaces for the formation of a 'creative milieu' (a critical mass of artists, intellectuals and cultural producers);
- and to devise a politically imperative creative planning strategy, through which a widespread public advocacy of creativity would emerge, and with it a city-wide ethic of 'civic urbanity'.

Essential Reading 1: 'Creativity, Culture and the City: A question of Interconnection' (A study of the Forum d'Avignon Ruhr – Charles Landry, 2013) This study was inspired by the European Capital of Culture 2010 in the Ruhr in order to generate sustainable development strategies for the region beyond the year 2010. It states that 'The best cultural policies combine a focus on enlightenment, empowerment, entertainment, employability so creating an economic impact'. (p. 21)

Richard Florida's creative class theory^{21; 22} was an economic growth theory with less of concern for the civic urbanity and public culture of the city. For that reason Florida is probably, unfortunately, more influential – for his theory of growth promises an economic prosperity without the complexities of social participation and political change. Landry, however, demanded a shift in the political consciousness of the city – the city's management needed to think creatively, and their principle aim was the development of an expansive, responsive and creative public realm. This would enfranchise all of a city's institutions, firms, citizens and interest groups, all enrolled in the project of the economic growth of the city. In other words, the impetus for growth was firstly political, generated social mobilisation, and then entailed a sustained economic development. For Florida, economic growth was driven by successful businesses, and fuelled more effectively by attracting professionals from outside; these professionals were mobile, and (one could logically infer) had no intrinsic

Richard Florida
/// The 3T Approach to attract creative workers (Talent, Technology and Tolerance)

²¹ The Rise of the Creative Class (Florida, 2000)

²² for more information visit: <http://martinprosperity.org/>

The central hypothesis of the report is that applying a cultural perspective to urban development – and using art disciplines as well as their commercial manifestations – drives a qualitative transformation in cities themselves, not just quantitative economic growth. Qualitative transformation involves the deeper evolutionary processes by which the conditions for a new approach to production is forged – where individuals, the city, society and the economic system find other ways of becoming an integrated entity. The preconditions to this transformation are (1) a theoretical understand-

¹⁶ The new economics of urban and regional growth (Glaeser, 2000)

¹⁷ Uncertainty, social capital and community governance: the city as a Milieu (Camagni, 2004)

¹⁸ Cultural clusters and post-industrial city (Mommas, 2004)

¹⁹ The Creative City: A toolkit for urban innovators (Landry, 2000)

²⁰ for more information visit: <http://www.comedia.org.uk/>

ing of the ways in which culture and creativity play a role in our cities and economies; (ii) a combining of the concepts ‘culture’, ‘creativity’ and ‘the city’ in different configurations within urban development strategy; and (iii) to do this in a way that confronts the realities that face the city – in terms of regional and global competitiveness. The concept of creativity, though it has to some extent become a policy cliché,

sic investment in an urban place other than consumption. Nonetheless, Florida’s theory has asserted several principles that have become normative assumptions in many a European city’s urban cultural policy. We can summarise them as follows:

- The conditions of economic growth are technology (innovation; networked media, etc.), talent (educated labour force) and tolerance (accepting of social diversity).
- The energy of economic growth is creativity – the capacity of new ideas and invention of new processes of thought, planning and action.
- Creativity is no longer primarily art, or even culture, but science, technology and engineering (as the sources of innovation).
- Cities are the fulcrum for growth and provide the conditions for strategic agglomerations of like-minded, open-minded, innovative companies and their workers.
- The new model worker is young, educated, socially liberal, flexible and mobile. These workers have become so numerous, they have become the dominant social class.

nonetheless remains central for Landry: ‘...the organisational culture of a city needs to foster a culture of creativity which by being embedded helps a city to rethink itself when necessary and to adapt to changing circumstances.’ (p.7) Cities need therefore to research and acquire a greater analytical knowledge on their specific urban environments.

Florida’s framework also lends itself to spillover strategy given the pervasiveness of creativity and its generative relation to industrial innovation. Moreover, Florida’s framework made the complex economics of agglomeration, knowledge networks and entrepreneurial ecosystems easy for policy-makers simply by locating economic growth in the relationship between private firms and the labour market. Cities, for Florida, are in a competitive challenge to attract the right firms, as the firms compete to attract the right creative class labour. Cities must cultivate a ‘creative ecosystem’ – though it was never entirely clear what this is, or how a city creates one. However, Florida’s theory of growth cannot actually be applied to a whole city. In urban policies around Europe it is applied to a segment of the city (like older models of ‘urban regeneration’ and its demarcation of city segments). It has, in some ways, morphed into the new ideals of Smart City²³, Science City and Media City, as these are similarly limited in their urban scope.

The EU Smart City Initiative

One serious problem across Europe is the way central ideas extracted from the frameworks of both Landry and Florida have been put together as a kind of hybrid ‘creative class city’, consequently creating a simple policy formula. This

The Hybrid Problem: ‘Creative Class City’ formula invariably involves – devising a city brand; converting old industrial buildings into a new art museum, if possible clustering around this building new creative and media agencies along with a few more established companies (attracted by financial incentives); boosting consumption and property rentals by attracting more students along with ‘pumped up’ local colleges and university social facilities; promoting an annual schedule of public festivities culminating in at least one internationally marketed ‘mega-event’; contracting the services of an internationally famous architect to provide a celebrated landmark building in their signature-style design, along with an artist to undertake a major work of public art; marking out spaces, zones or designated buildings as the location of exciting new developments – incubators, labs, hot-desking facilities and start-up enterprises. Lastly, using local and national media, destination marketing, business promotion and celebrity endorsement, to generate outside attention for the city.

These are all very attractive urban components, and yet through Europe one can witness how these have been used to greater or lesser effect: some have become either purely commercial and detached from the social culture of the city, or exist purely from public subsidy and have become an uneasy burden on the city’s finances. Many a European city were in the throes of constructing the full panoply of ‘creative class

> How can spillover – in the form of mutually-enhancing creative growth – be the basis of urban development?

city’ components when in 2007 the global financial crisis halted construction; some reconstruction has continued but many cities are now left with a range of strategically disconnected sites. These scenarios suggest that we need a more rigorous engagement of cultural policy with urban planning (non-existent in most European cities), as a means of delivering genuinely European integrated sustainable development. In the meantime, cultural researchers need to understand the strategic relations between these urban components of the creative city – and spillover relations could be the key. Locating and investing in the potential spillover relations between each urban cultural component could make growth internal to development. In so many European cities new cultural institutions and agencies appeared overnight in the rush to capitalise on the trend to creativity, yet a paucity of real development strategy means a question mark of future viability continually hangs over the head of the organisation. A focus on spillover could mean that the separate entities of a given place (the businesses, institutions, government, other agencies and organisations, the public, and so on) might themselves find a role in the processes of creative city development through forging new means of civic political participation through culture, as well as generating new forms of value

> How can spillover be defined in terms of civil society’s role in urban development – creating an optimum environment for innovative firms, that is at the same time an expansion of the civic cultural realm?

²³ for more information visit: <http://eu-smartcities.eu/>

Is ‘creativity’ really a substantive concept?

In the last ten years of criticism and debate on the relation between culture, the city, creativity and economic growth, the importance of the spaces and places of industry has become a central object of theory. Are these paradigms, and their terminologies, still useful in specifying the relation between culture and place? Is ‘creativity’ really a substantive concept (Landry; Florida)? Have creative clusters emerged through intrinsic mutually-enhancing dynamics, or externalities like rent levels or lack of supply, or even what Andy Pratt calls the ‘xerox policy making’ of city governments influenced by fashion (Pratt, 2009)? Policy fashion includes new ‘quarters’ (Roodhouse), incubators and labs. They are all

components that have a long provenance in older city planning or even from the lexicon of the natural sciences. They have emerged as cultural phenomena largely through their role in broader schemes of urban cultural development and the cultural policy of cities. These broader schemes often articulate their aims with neologisms like ‘cultural ecosystem’, ‘cultural milieu’ and ‘cultural ecology’. They each indicate how policy intends to cultivate what it claims to be a ‘natural’ phenomenon. Yet, as Edensor, et. al.²⁴ assert, policies for culture in Europe (particularly the UK) have, over the past two decades repressed or even dissolved the culture already present – what they call the ‘vernacular everyday’.

Section conclusion:

- How can spillover become a fully integrated component of cluster theory and policies promoting clustering?
- How can spillover research assess the means by which arts, culture and creative Industries generate non-cultural value when located in certain urban contexts?
- How can certain cluster formations enable non-cultural organisations and firms to become creative, and creative firms to become financially more independent?
- How can creative city policy contexts serve to define spill over as a specific series of engagements with other organisational entities – not just in terms of ‘contributions to’ the urban economy?
- How can we devise policies for developing the ‘cultural ecosystem’, ‘cultural milieu’ and ‘cultural ecology’, where spillover is in-built?

²⁴ *Spaces of Vernacular Creativity: Rethinking the Cultural Economy* (Edensor, et al., 2010)

pursuing policy in its instrumental contexts

The Arts Council England commissioned and published report, entitled ‘The contribution of the arts and culture to the national economy’²⁵, observed that there is little explicit and specific data on creative spillovers and the spillover phenomenon. And yet, the spectrum of creative capabilities and resources within the arts and cultural sectors is visible and impressive. All major European cities are characterised by strong, historic, cultural institutions and a range of professional cultural agencies, and so too with creative districts and designated clusters, with arts incubators and alternative creative working spaces; almost all possess historic educational institutes and many research centres; ubiquitous also are private galleries or local markets for art, crafts and antiques, heritage centres and historical institutes; and a range of investment tools, grant-giving agencies, philanthropic or third-sector sponsoring agencies, including many public financial support schemes, are routinely available. However, where can we find a model for a detailed mapping of a city’s cultural economy, or how to construct one?

Arts, culture and the broader economy

Creative spillover, we suggest, could become a strategic facility for positioning the arts and culture within the

reproductive mechanisms of the broader economy – helping, in turn, to re-define that economy, generate alternative or extended value frameworks for that economy, and alert the key actors in that economy to the significant social dimensions of economic development. Culture is not just aesthetic productions and their appreciative audiences – it is practices of representation, design and models of innovation, institutions, organisations, enterprises and spaces, discourse, communications, meaning and identity. It has a profound social content, direction and impact. We should thus attempt to work towards defining or refining tools and methods for identifying, enhancing and innovating spillover processes that could be inclusive for all kinds of social life in economic development. This may attract a charge of ‘instrumentalism’. The term instrumental (like ‘economy’) also needs to be re-defined by arts and culture. The arts and culture have always had a profound ‘use value’, even though its ‘uses’ may have not been adequately defined or extended into the broader economy (or even, indeed, other parts of the public realm).

In the outstanding European Commission report, ‘Cities of tomorrow - Challenges, visions, ways forward’²⁶, the frame-

Charge of instrumentalism & the need of re-defining the term instrumental

²⁵ *The contribution of the arts and culture to the national economy* (Arts Council England, 2013)

²⁶ *Cities of Tomorrow: Challenges, visions, ways forward* (DG Regio, 2011)

work of Integrated Sustainable Development (ISD) provides such a way of defining the use value of the arts and culture in ways that activate the social and intervene in economic development. It exemplifies an economic pragmatism that also aims for a sustainable social settlement, and where the arts, culture and urban environment are equally important factors in our understanding of the ‘economy’. The significance of this report is that it teaches us that where specific tasks or activities may be ‘instrumental’ in their immediate objectives (solving predefined problems, or making money, for example) the broader strategic context is a qualitatively richer social realm, and increased autonomy and diversity for all agencies involved. An integrated development does not collapse categories (where art, for example, becomes

commerce) but requires the relative autonomy of all participating agencies, as each agency contributes something quite specific. A critical task lies within, as implied by the above report, the role of the arts and culture in ‘integrated sustainable development’, where ISD is defined in terms of:

- i. Smart growth
- ii. Sustainable growth
- iii. Inclusive growth

The arts and culture can develop a robust sense of independence, generating forms of instrumentalism and economic participation that do not jeopardise cultural autonomy, and in turn add value to culture or expand the concept of arts ‘practice’.

Essential Reading 2: ‘The contribution of the arts and culture to the national economy: An analysis of the macroeconomic contribution of the arts and culture and of some of their indirect contributions through spillover effects felt in the wider economy’ (Arts Council England, 2013)

This report contains a substantive assessment of the phenomenon of spillover. Among the many observations and points it makes are the following: 1: The commercial creative industries are intrinsic to the supply chain of arts and ‘cultural’ industries. Many commercially successful products (whether films or video games) can have their source in ideas and concepts developed in arts and culture. 2: Arts and culture are a business resource (for knowledge,

inspiration, ideas, concepts and so on) and can translate into higher wages and productivity; they also provide services that allow business to develop (from ICTs, data access and management to professional development). 3: Arts and culture are spaces of incubation, training and experience; their densification generates social behaviours more inclined to innovation (not risk averse). However, the report notes that there are chronic problems with the sourcing and analysing of appropriate data from the arts and cultural sectors. There is a need for a greater understanding of the role of arts and culture in the ‘business economy’ by way of defining the value they contribute to the national macroeconomic picture (particularly museum sector). The relation between the ‘intrinsic’ and other values of the arts and culture needs further research.

Implications for spillover might therefore involve:

- Creative and cultural engagement in spillover activities can promote sustainable development within industry, and import a broader social consciousness to industrial economy.
- Creative and cultural sectors could develop their own economic sustainability through providing intellectual and creative inputs, perhaps packaged in terms of properly funded schemes or training for specific industry sectors.
- Creative and cultural sectors develop and use their location within the city to mediate specific relationships between the city and industry, maximising the potential of both.
- Creative and cultural sectors become a framework within which the social populace of a city develop their capacity for industriousness, knowledge of regional, national and global economies, and sector-specific skills.

In the EU communication of September 2012, ‘Promoting cultural and creative sectors for growth and jobs in the EU’²⁷, it states that ‘... the contribution that cultural and creative sectors can bring to social and economic development in the EU is still not fully recognised... Being at the crossroads between arts, business and technology, cultural and creative sectors are in a strategic position to trigger spillovers in other industries’.

²⁷ Promoting cultural and creative sectors (EC, 2012)

Essential Reading 3: ‘Culture is the Key: Research. Interaction. Forum. Innovation.’ (ecce, 2013)

This exceptional collection of texts is animated by the following topic (among many others): how the nexus of knowledge, technology, communications and innovation, can have a transformative impact on the social and public investment in industrial urbanism. It further asks: what new spaces can we design for testing and innovation? What ‘collaborative solution processes’ can we develop? Which new models of interaction, work and organisation between key actors (official and unofficial)? Examining the spillover phenomenon, it becomes clear that the creative and cultural industries themselves are in part constituted through spillover (from other areas of arts and culture, from technology and

media, from social institutions, from engineering and science, and so on). Spillover therefore requires a knowledge of the full social dimension of shifts in economic developments and macromarket structures. Our era of change, crisis and scarcity is also a time of innovation. We have already come through a period of industrial fragmentation, where the large stable units of production – heavy industries and large, publicly subsidised firms – ceased to be the guardians of economy and employment. Innovation has already become intrinsic to both organisation formation and management, work processes of labour and collaborative production, distribution and the negotiation of the market. In understanding spillover we will further understand how the processes of innovation have already permeated social life.

Arts and culture as sources of innovation

A key development in European union policy right now is the expansion of the concept of innovation and how the arts and culture are identified as key sources of innovation: ‘...these sectors have an impact on innovation in other industries...innovation is increasingly driven by non-technological factors such as creativity, design and new organisational processes or business models. It heavily relies on creative eco-systems in which the quality and diversity of partnerships across different sectors and types of actors is decisive’ (p.3). The opportunities and challenges for the increase in innovation are indicated as (i) the digital shift and globalisation; (ii) finance and access to it; (iii) fragmentation – national/linguistic; (iv) the critical dynamics of industry borderlines – what happens between industries (such as gaming, film and music; or fashion, high-end and tourism) (p.4). Industry is facing profound challenges.

This report echoed the Green paper, ‘Unlocking the potential of cultural and creative industries’²⁸, with a section on spillover (pp.17-19). For the most part it echoes the observations of previous reports and research papers but at the same time poses some valuable questions: what mechanisms for knowledge diffusion do we use within spillover? What model of ‘creative partnerships’ between key organisations do we use? What intermediaries between various sectors are instrumental in this?

To a significant extent these questions are built in to the agenda motivating the new suite of instruments for the 2014-2020 Financial Framework – including Creative

Concept of Innovation

2014-2020 Financial Framework

Europe, Erasmus for All, the Cohesion Policy Funds, Horizon 20, COSME and Connecting Europe Facility. The European Commission is currently preparing a European Service Innovation Centre and support mechanisms for the conversion of older industrial areas into European Creative Districts. ‘The European Report on Competitiveness’²⁹ devoted a section to the creative economy, establishing it as a significant area of economic policy and not just urban and cultural policy. It noted how the international research on creative industries and sectors (largely UK, USA and Australia) had concentrated more heavily on labour (creative workers) and their activities, and not the economics of the industries and support mechanisms from public and governmental bodies (though the UK had pioneered several policy fields in this respect: Department for Culture, Media and Sports (DCMS), 1999; 2000). The situation is critical, as recent changes in technology have paralleled the rise in consumer demand for creative products, meaning that established industries (press, publishing, film, etc.) have been re-structuring at the same time as they have been responding to the pressures of a globally growing market.

A problem with current policy making, to which the report draws attention, is that the creative sectors have largely

Quantifiable Effects ↔ Non-quantifiable Impacts

been framed in terms of primary economic ‘impacts’ – employment and outputs – but not in terms of secondary impacts (such as spillovers). Spillovers can emerge in terms of regional growth (contributing to the macroeconomic

functioning of the region, with developments such as branding and enhanced communications), and also contribute to the development of other, specific, sectors. However, where spillover in the realm of secondary economic impacts is quantifiable (along with primary impacts), there are ‘tertiary effects’ and ‘quaternary effects’ that, for the report, are not quantifiable. Tertiary effects involve levels of general innovation; quaternary involve quality of life, cultural and social contributors to well-being. Spillover is identified, but in a particular way – as a form of knowledge supply chain: ‘...-knowledge spillovers may also occur if creative working practices “rub off” onto their business clients in an unremunerated way.’ (p.181)

The report further emphasises the dynamic and multi-dimensional nature of trade (noting the problematic policy understanding of services when quantified through trade statistics), and the critical interrelation of creative industries development and urbanisation. It notes the significance of ‘tacit knowledge’³⁰ transferred during specific social interactions -- and the role of unexamined knowledge dynamics within supply chains, B2B interactions, and the uses of sources of information or centres of learning, e.g. universities.

> Creative and cultural sectors possess a phenomenal range of competencies in the production, management and dissemination of knowledge – this includes knowledge as experience, document and archive, interpretation and the dialectics of argument, as visually codified or narrative – in other words, historical competencies lacking from industry.

²⁸ *Unlocking the potential of cultural and creative industries (EC, 2010)*

²⁹ *The European Report on Competitiveness (EC, 2010)*

³⁰ *Communities of Practice: Learning, Meaning and Identity (Wenger, 1998)*

Essential Reading 4: ‘Creative Economy Ruhr: Driver for innovation in economy, culture and urban development’ (ecce/wmr, 2012)

The Capital of Culture RUHR.2010 took as its focus the ‘City of Creativity’, generating a strategic mechanism for economic development. The European Capital of Culture administration evolved as ecce, in partnership with key organisations, began driving the creation of new strategic thought for the new knowledge-driven economy. The challenge is now to drive new forms of economic change that work to enhance, not corrode, both public life and environmental sustainability. To quote this text: ‘The innovations in the creative economy are often “hidden innovations”:

instead of finding expression in concrete patents, products or processes, these so-called hidden innovations are almost completely excluded from patent protection and almost completely ignored by monitoring and evaluation systems. Often they are not seen as innovations at all, although they often form the basis for other innovations in sectors outside the creative economy. They therefore have a big influence on the innovative capabilities and thus economic advancement of a location. They take place at different stages in the value chain, e.g. in the development of new products, in the combination of existing technologies and processes, and in the generation of new channels of distribution or the implementation of new business models’ (p.7)

Section conclusion:

Spillover has, to some extent, been responsible for the ways in which the arts and cultural sectors (and certainly the creative industries) have emerged and developed their range of professional competencies. We can therefore define spillover as an opportunity for endogenous and sectorial development – not just a potential series of diversions from core competencies, or a ‘giving away’ of intellectual resources to industry ‘for free’. Spillover itself can be a form of cultural production. However, if spillover becomes an established policy concept, then cultural policies (funders, sponsoring organisations, etc.) will no doubt begin to demand that spillover is factored into the production process of any

cultural project. And if spillover becomes the dominant concern of funders and sponsors, will cultural content itself be denigrated in favour of maximum spillover activities? How can we ensure that the creative and cultural sectors play a major role in determining the terms of the contract, and the criteria wielded by national and European policy communities? Part of this process is rehearsing the development of indicators – identifying the areas and strategic approach of policy mechanisms in facilitating the relation between arts, culture and the CCIs and the broader economy and society. How do we develop indicators that expand possibility, not reduce it?

Questions for Future Research

- How do we mediate the connection between thinkers and writers, researchers and policy makers, cultural institutions and agencies, creative businesses and workers, and thereby cultivate a more substantial ‘public sphere’ of policy ideas, scrutiny and debate for the role of culture and creativity in sustainable economic development?
- How does the experience or consciousness of spillover phenomenon affect the current processes of cultural

production? How can cultural organisations or creative agencies build the kinds of intelligent infrastructure that initiates or even multiplies spillover?

- How can spillover be identified and evaluated without engendering new strictures on production? How do we value the disruption and reorientation generated by spillover, and not just its positive impacts?
- How can spillover as a theoretical term for policy be explained within a broader understanding of innovation – as a multi-dimensional, multi-stake-holder process?

evaluating economy in its public contexts

The creative (commercial) industries have received a considerable amount of research and policy attention over the past few decades. But has this been at the expense of a more integrated sustainable cultural policy?

Cultural policy in many countries remains principally concerned with the arts and public cultural services, even if it still tacitly assumes that the arts and creative industries

are co-extensive and share some intrinsic ground in culture. Most European countries seem to maintain that the arts can only remain a realm of public subsidy (and thus categorically separate), and that most of the needs of the creative industries are met by trade, enterprise or industry policy (and have no need of cultural policy). There remains little research on these assumptions. Below we attempt to define

how the arts and culture have already been ‘industrialised’, and have incorporated economic practices (in management and organisation), albeit for policy makers still remain distinct from the world of creative industries.

Creativity and Cultural Policy

The profound historic-artistic and heritage dimension of the European city (which in the past comprised expertise in crafts and artisanal making, architecture, fine arts, music and literature) has become unstable and each practice occupying an unsure position within the urban economy. Where writers and poets once animated a city’s cultural life, they tend to be relevant only as featured attractions in a specific framework of events, such as festivals. The once-enigmatic cultural life of the European city has been largely dissolved through various forces of change - some of which involve an urban policy regime that impulsively favours expertise from outside the city, or a ‘mega-event’ approach common to many creative city strategies. Successive forms of municipal cultural planning since the Second World War have been successful in preserving large institutions, but not at cultivating local arts and the sub-cultures of creative practitioners needed for a vibrant city of culture. Artists today tend to find professional recognition only if they are celebrities or exhibit internationally, or are university professors, or financially successful. Where the artist was once intrinsic to the development of the European city, they are now marginal. The EC funded arts program CreArt^{31; 32}, as an important current reference point in these debates, has promoted two things:

- The need for a new concept of ‘economy’ in public policy specifically for European cities (i.e. that encompasses the informality of cultural life - and the role of the artist).
- The need to recover the political imaginary of the European city - the city as ‘work of art’ (expressive, symbolic, not merely socio-economic).

These points raise a further question on the role of the arts within the creative economy - do they actually play one? There is a strong sense in which arts policy in European member states has been marginalised from the key developments in urban economy policy, and as we see with Florida, it is possible to design a ‘creative city’ through enterprise policy and urban policy combined, without involving cultural policy and the institutions of the city’s arts, museum’s and heritage. There is a sense also in which that because the arts are often central to the city’s historic infrastructure of buildings, their popularity with visitors is alone enough: the city does not need to fully integrate the arts into its urban economic development, for its contribution to the visitor economy and heritage engagement (and its social and educational dimensions) can satisfy city policy makers enough. Yet, this approach leaves the arts in an historical silo, without the capacity for spillover, and a consequent political marginalisation from policy making is the price that is paid.

> Do arts and culture belong in the Creative Economy of the city, or do they represent something distinct and separate?

³¹ CreArt: Network of Cities for Artistic Creation (alliance of 14 European cities)

³² for more information visit: <http://www.creart-eu.org/>

> What is the relation between the cultural and artistic autonomy championed by modernism, and the marginal, politically passive disposition of the cultural sector in many European cities? Has there been a trade-off?

However, the arts throughout Europe testify to a significant degree of ‘industrialisation’, where their mechanism of institutional management and production have been restructured according to the constitution of the new economy of the inner city. The pathway of modernity ran from the industrialisation of culture (the mass production of cultural goods since the 1930s) to the ‘culturisation’ of industry, where ordinary manufacturing is now ‘like the production of culture’ (Lash & Urry, 1994, p. 123). Many major art institutions across Europe see no paradox emerging from their adaptation of corporate management strategy frameworks and values designed for mainstream industrial production and services.

Yet there is little research on the production of art (call it ‘studio production’, though this is a far too limited understanding of how art is actually produced) - as distinct from art’s exhibition, its interpretation, its history. How have the arts and artistic creativity shifted in their methods of pro-

duction, distribution and consumption through the period of the emerging creative economy? Within production, of course, the making of art involves specific processes and generating products that might be of use within spillover activity (which we will consider below). Artistic production per se, however, is rarely a subject even of cultural policy - the artist or creative producer is categorically a free economic agent, whose interests are primarily private, and only in the context of publicly-funded projects, institutional or organisation sponsored activity do they become an ‘object’ of policy.

Cultural organisation In the last decade, in response to shifts in the broader economy (and, in turn, political changes), arts organisations have ‘re-invented’ the gallery space, and generated new knowledge and skills in the management of the arts’ new organisational formation. They have developed means of international networking and straddling the nebulous new territory between the old economy of ‘public’ and ‘private’. Competition in the cultural sector is now intense, and brings with it a need to build a supportive constituency of sector and industry professionals and sponsoring networks. Arts organisations are now also under duress through a continual need to change, adapt and respond to fast changing audience demands. Art audiences are indeed ‘markets’ but with added levels of social and cultural complexity.

There are three major ways in which art institutions have changed - in terms of their conception of cultural space, representation and communication, and production itself. Each of these spheres of activity have served to absorb

broad shifts in the economy as specific forms of stimulus for organisational growth. They remind us that ‘cultural production’ for the arts sectors is no longer just a matter of producing art or cultural events but of recreating the ‘art organisation’ itself within new and changing conditions.

Organisational Model: The Multi-site

In terms of cultural space, across Europe art galleries are extending, expanding, re-designing and admitting both aesthetics and activities once exclusively associated with the leisure industries. Moreover, the spatial location of an art institution is now permeable and mobile. Consider the tendency for ‘the multi-site’ organisational model. A good example is the Museumsquartier Wien or more vividly perhaps, the Baltic Centre for Contemporary Art on the river Tyne, Gateshead in the UK. Established and maintained through public funding, the Baltic is not one building or space as such, but a network of spaces interconnected by a large fulcrum space (the old flour mill). These spaces are managed strategically from the central building yet have local autonomy in day to day management. They include a ‘project space’, a satellite gallery in the city centre, a research space in the local university, a base for artists involved in research, a studio (production) space for professional artists, and an education ‘institute’ (which is a partnership organisation). Multi-site as an organisational phenomenon has complexified our perception and experience of the art gallery as a privileged place of ownership, expertise, display and exhibition. It has opened its spaces for active co-production, against the tendency for art viewing to descend into passive visual consumption.

In terms of representation and communication, art institutions (largely pioneered by practices in the USA) have become heavily invested in the way they disseminate information and publicity. Communications have also become less information and publicity-driven than brand identity-based. Consider the ‘complex brand’ phenomena. Art institutions or organisations no longer need to conceive of themselves as a single empirical entity, whatever the extent of their investment in their building or architecture. Take London’s premier site for contemporary art, the Saatchi Gallery (a different example might be Centre Pompidou-Metz). Established by advertising magnate turned contemporary art dealer Charles Saatchi, it is essentially a private philanthropic institution that has claimed a central role in the development of contemporary public culture in London. The organisation takes the form of multiple spheres of co-dependent yet highly specialised activity, and operates like a sophisticated small media corporation, with a powerful brand architecture. The ‘architecture’ of the brand, however, is not predictable or logically arrayed like corporate brand architectures. It comprises the Saatchi Gallery, New Sensations, Saatchi Art, Saatchi Store, Art&Music Magazine, Showdown, and Pictify, all of which overlap rather than interconnect. The brand is strategically involved in facilitating the institution’s projects in the sphere of media and press, schools and competitions, and universities, aided by a wide network of corporate partners and membership: each brand has developed the facility for visual intervention in a different sphere of society or industry. There is a sense in which an internal spillover is a strategic dimension of this approach, where brand directs the organisational design.

Organisational Model: The Complex Brand

For a third example of organisational change in the arts sector, we must consider production. An obvious example would be the Dortmunder U. For a less obvious example we could do no better than stretch to the other side of Europe and look at the now-famous Mikser House in Belgrade – as ‘multi-purpose’ organisational model. Set up and run as a

Organisational Model: The Multi-purpose

private enterprise by event manager and cultural entrepreneur Ivan Lalic, the Mikser (mixing) House is a place for emerging Balkan culture. It is ‘multi-purpose’ in that it is not confined to one cultural genre, artistic specialism or fitted out for particular functions. Its agenda is event and ‘live’ culture-driven and whose itinerary is constructed through a consistent dialogue between Mikser, local practitioners and agents of international innovations. The space is rented on purely commercial terms but from a private owner highly sympathetic to the organisation’s aims. It can host retail events, eating, performance, lectures and exhibitions, with a particular emphasis on both design and music. Music events are used to attract younger people – introduce them to design and visual art; quality cuisine is another enigmatic element. The multi-purpose organisation is not focussed or invested in tangible assets or owning objects. It is a social force for cultural change animated by an entrepreneurial impulse.

These three examples – the multi-site, complex brand and multi-purpose organisations – are ways in which ‘culture’, to greater or lesser degrees, articulates industrial life through its organisational articulation. They demonstrate how cultural organisations have learned to respond to economic changes, respond to and integrate organisational design

with a strategic management of space, communication and production. By implication, these changes acknowledge how the ‘art public’ itself is formed through shifting market and economic conditions. The economisation of culture is not simply the commercialisation of culture, but the way cultural production has been re-shaped in response to changes in the social behaviour of citizen-consumers.

Culture and public administration While these above developments seem like a benign response to socio-economic changes beyond the influence of the arts sector, the sector itself widely adopted new frameworks of strategic management and marketing that were not so benign. We

could mention first the embrace of NPM or ‘New Public Management’ (see

New Public Management

Blaug, R. et. al.³³), which emerged first in public policy management and then as a new regime for the administration and management of public culture and funded institutions. Derived from the USA and introduced to Europe through Tony Blair’s New Labour government (1997-2010), NPM famously derided older forms of public management – the term ‘public’ became synonymous with historic and immobile; political, coercive and bureaucratic; non-specialist, unprofessional, slow and inefficient. ‘Private’, conversely, was synonymous with dynamic and mobile; objective and apolitical, choice and opportunity-driven; strategic management-inspired; specialisation and professionalisation, efficient and maximising value. While there was little doubt that the British ‘public sector’ had problems, the failure of public policy agents to preserve and manage the political dichotomy of ‘public-private’ effectively dismantled the ‘public’ as an autonomous and distinct agency. New Labour actually

³³ Public value, politics and public management (Blaug et. al., 2006)

expanded, not reduced, the size of public governance, but did so through the enfranchisement of private and specialist actors and agencies, all acting according to different interests. New corporate models of administration, subcontracting, outsourcing and partnerships with private actors, all contributed to the process of dissolution, where processes of deliberation, decision-making (and thus political representation), the public ethos, values, historical memory and public assets were all subsumed within estimates of economic performance.

What has emerged is something significant for our concern with spillover. For the arts sector across Europe gradually absorbed, adopted and shaped mainstream methods of corporate management ushered in by NPM. These included strategy-making (management; brand; marketing; finance); stakeholder-building (investors; subscribers; audiences; etc.); partnerships (project collaboration; sharing resources; maximising efficiency); reporting (performance measurement); monitoring (staff reviews; production measurement; internal and independent assessments); evaluation (meeting targets; measuring growth; assessing satisfaction; etc.). We are now in a situation where policy makers have forgotten the historicity and political complexion of all these mechanisms, and use them as if they are self-evidently central to the effective management of a cultural organisation.

While the ‘art world’ might complain that this discussion has little to do with ‘culture’ or ‘the art’ itself, (and exhibition aficionados and the curators of international art discourse routinely side-step the question), the organisational production of culture is significant to the meaning and value and public function of culture. The corporatisa-

tion of the art museum – along with the rise in power and profile of the international art markets, the influence of the private dealer, the patronage of select private art galleries, the entrepreneurial curator, the freelance critic and the world of cultural media, particularly branded magazines – is a context that art practice and artists themselves negotiate, work with and within, and respond to in their art. In the last few decades, new movements in art have fully absorbed the need for networked organisation, markets, consumers, brands, corporate communications and the craving by the media for celebrity.³⁴

One significant aspect of arts sector activity worth mentioning in this context is marketing and digital media. As a generalisation, marketing (and not public culture, politics or cultural production itself) has become a principle framework for the construction and development of organisational identity and mission. The changes have been significant. In the world of internet broadcasting we can now join a virtual audience: for internet broadcast theatre (National Theatre Live, London), internet broadcast music (Berliner Philharmoniker Digital Concert Hall), and the New York MOMA iPad, there is no one single audience. Digital media has redefined the concept of ‘audience’ or ‘viewer’ or ‘visitor’, where all visitors are potential subscribers or ‘members’ irrespective of how close they live to the institution. In any case, the member does not need to visit the physical place of the art institution.

‘Member’ is now defined as a link in a network of communication (tweet; web visitor; email subscriber); and the extent to which the institution can register their identity, preferences and movements, the member becomes a source

³⁴ Examples: Tate Modern London, Rubell Family Collection Miami, Frieze Magazin & Art Fair London

Economization of the Cultural Sector

became intrinsic to the work’s aesthetics. (Bourriaud, 2002) The simultaneous rise of ‘new genre’ public art and huge public commissions opened the space of the city to mainstream contemporary artists, and a consequent rise in fascination for new urban locations (like disused factories) for art emerged. In many cities contemporary galleries were situated near or within creative industries (or vice versa), and movements in curating, such as the ‘new institutionalism’, demonstrated a capacity to adapt to this new urban landscape with reflexive and improvised re-interpretation of the civic function of the contemporary art gallery.

Digital Media Within Art Institution Management

of market intelligence; the extent to which the members provide feedback, or become involved in online activity, they become a source of cultural knowledge; the extent to which they pass on links, messages and information, they become a conduit for information and publicity; as a member of other networks, they become a dynamic connection between other parts of the cultural sector, and a potential connection to experts in that sector. By 2000 – whether you defined it as the ‘audience’, community, networks, the public, citizens, social subjects or visitors – the public had been co-opted as assistants to the strategic management of the corporate organisation of cultural production. But what happens to the concept of ‘general public’ to which the arts are beholden and responsible for educating and providing a quality cultural life?

One pivotal development that has exacerbated the crisis in the identity and social function of ‘public’ culture was to emerge within art and cultural production itself. This has been referred to as the ‘social turn’, but it was integral to both the above shifts in the very concept of the art institution and in any case was more than a single art movement. On the face of it, it integrated a lot of NPM techniques and skills (finance, brand and marketing, management and enterprise) with a benign attitude to both the art markets and commercial pop culture. In contemporary art (e.g. Bourriaud’s ‘relational aesthetics’) it became commonplace to find the incorporation of non-cultural forms of social behaviour into the art work, where the art work was redefined as an event, coextensive with other social events, and where the curator was a co-creator, the work’s meaning, as much as the viewer

Section conclusion:

- Most art organisations, particularly public organisations, have experienced radical changes in the constitution of culture as a realm of institutional life, impacting on the fundamental historical character of culture, redefined through management strategy, which in turn has shaped the contexts of cultural production.
- Where there is a confused or blurred boundary within the economy between public and private, cultural organisations have become hybrid, often managing a range of uneven or contradictory demands by public sponsoring bodies.
- Cultural organisations across sectors have become experienced in negotiating a political landscape that demands both corporate management models as well as public or social value; they have innovated user-sensitive and audience-specific strategies for growth and delivery, yet remain an historical silo.
- There remain un-researched areas, particularly on the role of institutions in shaping their urban environments (as distinct from merely being located in a place and contributing to its traffic or visitor numbers, or a few public services).
- Art and culture to some degree remain ideologically and institutionally wedded to outmoded concepts of aesthetic or cultural autonomy, without visibly pursuing alternative models. In this area, ‘private’ cultural entrepreneurs (Saatchi, Lalic) can often appear more explicit in their social rationale than public institutions.
- Digital media has facilitated the construction of a range of different subject positions for the public – traversing the older dichotomy of ‘citizen-consumer’ – and yet, has this generated a cultural public sphere for people to participate in the shaping of life in their city?

towards a research agenda for creative spillover

From the sections above, we propose the following research topics in support of a new research agenda. Theoretical work needs to be done to demarcate creative spillover from other forms of spillover, and the unplanned dimension of spillover from planned (and potential) forms of spillover – i.e. that which can be used in strategies of economic development, producing models and techniques that can be replicated or used for improvisation. A critical assessment needs to attend to the common rhetoric of spillover ‘effects’ and the assumption that linear cause-effect logic produces the greatest value. We need a fuller understanding of spillover actors and the most effective instigators of spillover; spillover tools and techniques; the structure of agent to agent relations; the management of innovation processes; models of innovation application and the roles of creativity; effects and affects and varieties of value; side-effects and fringe benefits; evaluation and assessment and post-spillover decision-making. A comparative assessment can be made of spillover as it operates within different spheres, cultural, social or public, business and commerce, and industrial. Spatial settings are also major factors – urban-city, regional, national or pan-European.

We also need to extend the analytical tools and parameters of cultural policy analysis. This could begin by considering the following topics:

1: The art economy, the cultural economy, the creative economy: in cultural policies throughout Europe the concept of ‘economy’ is confusing, but also sometimes too general or inappropriate in its application.

We need to use the European Commission’s policy reconstruction of ‘the economy’ within the broader framework of Integrated Sustainable Development. Furthermore, where most models of creative economy (Work Foundation; NESTA; DCMS; etc.) are models of a national economic system, **we need a European framework, and a discourse that is pan-European**, and capitalise on cross-border synergies.

Need of Fuller Understanding of Spillover Actors, Instigators and Tools

2: There is little research on artistic and cultural production itself, particularly in terms of organisation, management and entrepreneurship, and their relation to broader shifts in the economy. What research there is tends to focus on

the political dimension of what it perceives as neoliberal management practices. We need **a fuller review of the organisational dimension of creative and cultural sectors**, along with resources made available

by the discourses of knowledge transfer, social impact and public value – learning about the extensive role spillover could involve or make use of these activities but also clearly demarcating spillover from other forms of influence.

3: The subject of spillover might consequently be viewed in many quarters as another means of using public resources for private capital – placing the cultural sector under an obligation to serve the ‘economy’, where the economy is dominated by foreign corporations in collusion with national governments steadily eroding public culture and its social bases. Spillover for the arts and cultural sector, however, need **not signify a crude instrumentalisation of public resources**. But we need stronger reasons how. Advocacy of spillover requires a critical facility for contending with theoretical and practical implications of instrumentality and uses of public culture, and attends to the distinctiveness in historical provenance, value and productivity of each type of civil society and public agency.

4: To this end, creative spillover must itself be defined in terms of cultural production – where the activities of spillover sponsored by public policy initiatives reintroduce culture, creativity and public value into organisations

whose social-moral compass has been eroded by a fixation on profit. Creative spillover can mean something more than standard spillover value – it can be creative in method as well as content, where social, institutional, cultural and human capital are added to a project or organisational environment. **Spillover needs to be evaluated in the context of a multi-dimensional conception of capital.**

5: A major problem for many European countries is an increasing lack of industriousness, enterprise and self-reliance in the social populace or workforce itself. Creative spillover can be defined less in terms of transfer or provision, than in terms of intervention, participation, engagement and partnership. This could serve to construct a social dimension to spillover activity – as opportunities for involvement, skills development and so on – but where industry is provided with routes of reciprocation. **The objective is not just industry, but industriousness as a social phenomenon.**

6: The arts, culture and **the creative industries all draw inspiration from the ‘informal economy’** and the social-culture of everyday life. Value in spillover could emerge from informal dimensions of inter-organisational relationships, offering access to the ‘informal economy’: generating unplanned or unexpected synergies between cultural and industrial sectors, particularly in cluster or urban and city contexts.

Need of Extension of the Analytical Tools and Parameters

to be debated: call for papers

The political and scientific discourse on spillover effects of culture and the creative industries is still in its infancy. But it has become clear that the importance and capability of spillovers to help develop innovations and overcome European crises and post growth economies are often underestimated or not sufficiently recognised.

With ‘to be debated SPILLOVER’ we want to make a call to action!

In line with our bottom-up philosophy, we invite persons and institutions from politics, research, society and the economy to take part in the debate on spillover effects and address unsolved terminology and methodology issues. How you can participate? As you like it – with comments, short informative blog entries or even scientific theses and contributions!

We will publish your input at www.e-c-c-e.com as well as on our social media channels.

Please send your input to tbd@e-c-c-e.com

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